



Testimony of State Representative Gordon Hintz
Assembly Bill 466
Assembly Committee on Urban and Local Affairs
Thursday, October 22, 2009

Chairperson Berceau and Committee Members:

Thank you for the opportunity to testify today on AB 466, the Economic Development Exemption to State-Imposed Limit on Liquor Licenses.

The urgency to create an exemption for municipalities comes from experiences in a number of communities throughout the state where mixed use economic development projects have been proposed, often times involving a full service restaurant as an anchor. Under current law, the state limits imposed often make it impossible for municipalities to issue the license necessary for the restaurant to be included in the project. This often leads to delay or even worse, an end to a proposed new project.

The lack of an available option often slows the economic development efforts in communities since planning includes an additional hurdle in securing a license.

Under current law, there is a quota on the number of "Class B" licenses authorizing the retail sale of intoxicating liquor that a municipality may issue. The quota is generally determined by a formula based on the number of licenses previously issued by the municipality and the municipality's population.

This bill modifies the quota exception for full-service restaurants where meals are prepared, served, and sold for consumption on the premises and in which the sale of alcohol beverages accounts for 50% or less of gross receipts.

The challenge can be difficult in communities like Oshkosh when a single liquor license becomes free. Recently, the Oshkosh Common Council debated awarding two available licenses to six candidates who requested them (although more than 25 businesses and individuals are on the list). The deliberation at the local level has to balance the biggest economic development impact for the license versus issues of immediate use, time a business has waited, and fairness.

It is important to understand that this bill does not automatically enable unlimited liquor licenses for a community. First, the exemption is narrowly defined for restaurants. Second, it simply empowers local decision-makers with a tool and the flexibility to meet their economic development needs. The same rationale for the quota and opposition from local small businesses will still have to be balanced, but at the local level where these decisions should be made.

Opponents of the quota exemption feel the additional competition will hurt their business and feel that existing businesses should be bought out of their license. While that position is

understandable, we already see attempts made to secure licenses in advance but also see inflation in the value of these licenses due to the distorted market.

Every community is different, and Oshkosh has many great neighborhood bars, with one of the highest ratio of liquor licenses to population in the state. However, our future growth opportunities are limited by the current state law since many new projects including the riverfront face uncertainty without an available license. While there have been high profile challenges with redevelopment projects, private developers have been quick to share their stories of businesses who have tried to secure restaurants in existing space, but who have been turned down solely on the basis of not having a class B license.

There have been a number of projects throughout the state that have been impacted by the current state limits. As a result, the Legislature has often acted on an individual case basis with stand alone legislation or budget amendments that provide additional exemptions. In the 2009-11 State Budget, St. Francis received three, Middleton two, and Monona received one.

While I will certainly pursue the same legislative action for projects in my district, I think there is better way to enable economic development decisions to move forward, while balancing the concerns of having a totally open ended license process.

I hope you will strongly consider supporting AB 466 and am happy to answer any questions.

Thank you.



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To: Assembly Committee on Urban and Local Affairs
From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities
Date: October 22, 2009
RE: Expanding the Restaurant Exemption to the Quota on "Class B" Liquor Licenses

The League of Wisconsin Municipalities strongly supports AB 466, exempting new full service restaurants from the state imposed limit on the number of "Class B" liquor licenses a municipality may issue. Numerous communities around the state, such as Oconomowoc, Delafield, Oshkosh, Monona, Lake Geneva, Fort Atkinson, Alma, Shorewood Hills, and Saukville, to name a few, are at or near their quota and have no liquor licenses available to issue. Consequently, these communities are missing out on potential economic development opportunities. These municipalities are unable to accommodate restaurants seeking to anchor mixed-use developments or redevelopments in their community because no liquor licenses are available.

While the most efficient solution would be to repeal the quota law, that approach is not politically feasible owing to the Tavern League's opposition. A more practical and effective remedy is to exempt full service restaurants from the limit on the number of liquor licenses that a municipality can issue. Current law exempts only restaurants with a seating capacity of 300 or more.

We urge you to recommend passage of AB 466. Thanks for considering our comments.



October 21, 2009

Assembly Committee on Urban & Community Affairs
Wisconsin State Capital
Madison, WI
Via email

RE: Proposed AB466

Dear Committee Members:

On behalf of the City and Citizens of Oconomowoc, I want to offer support for Assembly Bill 466 exempting full service restaurants from the community's quota on liquor licenses.

Oconomowoc is one of the communities that are experiencing difficulties with the existing liquor license quota. Our community has been proactive in establishing economic development and tourism as a priority. Plans have been established to revitalize our lakeside downtown, as well as implement the master planned Pabst Farms development. These areas provide the opportunity to establish Oconomowoc as a hospitality and entertainment tourism destination, unfortunately there are not sufficient liquor licenses available to attract the necessary restaurants to make this a reality.

It is our belief that by exempting full service restaurants from the liquor license quota, it will remove an obstacle to continued growth and development not only in Oconomowoc, but throughout the State of Wisconsin. The approval of AB466 will be a proactive step in encouraging economic development, as well as enhanced tourism and hospitality opportunities for all Wisconsin communities.

If you would like additional information, or would like to further discuss Oconomowoc's situation, please feel free to contact me at 262-569-2185.

Sincerely,
CITY OF OCONOMOWOC

Robert K. Duffy
Economic Development Director



August 30, 2009

Editorial: End the market for municipal liquor licenses

Of the storyline hadn't been repeated so many times, it might be hard to convince folks that for a simple liquor license, Oshkosh has missed out on some fine businesses opportunities, investment in the tax base and creation of jobs.

But pick the year, and you can find an example of the Common Council having more suitors than licenses and making difficult judgments about awarding licenses. Without an established criterion, sometimes councilors looked at granting the licenses to the business with the perceived greatest economic impact, other times which business had been on the waiting list the longest.

Council members acknowledge they need to work with city staff to develop a system that lists factors for consideration. The value in that is that it not only gives the council a more objective list of factors to consider, it gives businesses competing for the limited licenses a fair idea of how they will be judged.

As leaders on the state level tackle the issue of giving communities like Oshkosh some relief, there must be recognition of two of the more serious drawbacks to the system. Supporters of the quota system rarely, if ever, acknowledge them when they discuss efforts to reform the system.

Not only does an artificial cap on the number of licenses inhibit competition, it takes a business license and turns it into an economic commodity. The scarceness of licenses adds substantial value to the business, making the holders even less willing to enter into discussions about increasing competition and reducing the value of their holdings. Understanding that is important to move forward and fashion a more workable system.

State Rep. Gordon Hintz, D-Oshkosh, introduced legislation that fashions a reasonable compromise. It allows communities to exceed license quotas for restaurants that derive 50 percent or more of their business from on-premise food sales. The final decision on issuing the license would be in the hands of the council.

The development of destination eateries, particularly in riverfront redevelopment areas, is one area that Oshkosh could benefit from Hintz's legislation. There have been well-established reports of restaurateurs quietly looked into the Oshkosh market, but the lack of licenses was a stumbling block. In addition, many are hesitant to super size their businesses to win a 300-seat restaurant exemption for getting a license.

A lack of a liquor license shouldn't hold people back from launching businesses. Nor should holding a license be an economic windfall to barter to the highest bidder. Local and state leaders need to continue their efforts to forge a reasonable compromise and enact a sensible means to judge applicants.

Assembly Urban and Local Affairs Committee

RE: Assembly Bill (AB) 466

Dear Chairman Terese Berceau and Committee Members:

I would like to provide the committee with input regarding my support of Assembly Bill 466. As a city manager in Wisconsin for the past 17 years, I can share with you many instances in which restaurants have struggled with an uneven playing field because they can not serve alcohol beverages while other restaurants are able to provide similar service to their customers. I do not view restaurants selling alcohol beverages to their customers as being in competition with traditional bars and taverns. If anything, these establishments complement each other and improve the overall dining and entertainment experience for visitors and tourists.

I can also share with you the concerns that I have observed over the years with the 300 seat exemption for restaurants. I have come across several instances where restaurants will overbuild a restaurant to a 300 seat capacity so that they may acquire a "Class B" license and provide alcohol beverage service to their clientele. Many of these restaurants fail simply because their business cannot turn a profit while trying to support the costs associated with their investment. These restaurants would have a much greater chance of success had they been able to provide alcohol beverages to their customers. By overbuilding, they are increasing their chances of failure.

I understand the needs of the legislature to control the number of liquor licenses that may be available in the market and your concern about the proliferation of bars and taverns that may have a negative impact on our society. However, I feel that restaurants who may benefit under this legislation are merely trying to meet the demand to their customers by providing them with alcohol beverage service that is otherwise not available. To the degree that AB 466 will have a positive impact on restaurants and the tourism industry in general, I urge the committee members to support this legislation and give restaurant owners throughout the state the opportunity to provide a responsible, well balanced level of service to their customers.

Very truly yours,

Mark A. Rohloff
City Manager
City of Oshkosh

cc: Senator Randy Hopper
Senator Luther Olsen
Oshkosh Common Council



TO: Members, Assembly Committee on Urban and Local Affairs

FROM: Amy Boyer, Wisconsin Economic Development Association
Brad Boycks, Wisconsin Builders Association
Tom Larson, Wisconsin Realtors Association
Chris Korjenek, NAIOP

DATE: October 22, 2009

RE: **Support for AB 466 - Economic Development Exemption for Class B Liquor License Quotas**

The Wisconsin Economic Development Association, Wisconsin Realtors Association, the NAIOP and the Wisconsin Builders Association strongly support AB 466 relating to an economic development exemption to the state-imposed limit on the number of Class B liquor licenses a municipality may issue. There are a number of communities around the state that are at or near their quota and have no liquor licenses available to issue.

Even with the current economic downturn, many communities across the State of Wisconsin continue to look for ways to stimulate their local economies including central city redevelopment projects, which are trying to incorporate restaurants that could anchor mixed use development projects. Because of the Class B liquor license quota, some communities are forced to forgo these types of economic development projects and are losing out on economic development growth opportunities.

We support the exemption of a "full-service" restaurant from the limit on the number of liquor licenses that a municipality can issue. A full service restaurant is defined as an establishment where meals are prepared, served and sold for consumption and in which the sale of alcohol beverages accounts for 50 percent or less of the restaurant's gross receipts. Under this exemption, the local community would maintain the authority to issue or not issue the requested Class B liquor license. We believe that the local community is in the best position to decide if a particular proposal is appropriate or not.

This approach is consistent with our efforts to provide communities with the tools to facilitate growth and redevelopment opportunities.

For further information please contact Amy Boyer – boyer@hamilton-consulting.com; Brad Boycks – bboycks@wisbuild.org; Tom Larson – tlarson@wra.org; or Chris Korjenek – chris@naiop-wi.org.